

# ***National Credit Union Administration***



## ***Operating Fund***

***Financial Highlights  
February 28, 2005***

**Dennis Winans  
Chief Financial Officer**

***National Credit Union Administration Operating Fund***  
***Financial Highlights***  
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**Balance Sheet**

Overnight Investments decreased \$5.2 million for payment of operating expenses. Inflows from income sources were minimal. Operating fee assessments are not due until April 15, 2005.

Accounts Receivable increased \$708,000 representing employee relocation advances and other payroll clearing accounts.

Other Assets increased \$5.1 million to represent recognizing 1/12th of the 2005 operating fee (deferred income) that will start being collected in March/April.

**Statement of Revenue and Expense**

Net income for the month was \$791,000 higher than planned due to all expenses being under budget.

**Statement of Cash Flow**

Cash decreased by \$4.7 million for the month reflecting payment of operating expenses and minimal revenue collections. Operating fee invoices will be mailed in March 2005.

**Budget (Year-to-Date)**

Agency spending was under budget by \$4.6 million or 19.6 percent. Pay, benefits and travel were under budget, and comprised \$3.0 million or approximately two-thirds of the total budget variance. The remaining variance of 1.6 million was derived mainly from contracted services.

**Vacancies**

The agency had 63 vacancies as of February 19 -- up from 61 in January. Of the 63 vacancies, there were 30 vacancies in the central office, 18 vacancies in the regional offices and AMAC, and 15 vacancies in the field staff. The 63 vacancies represent 6.56 percent of total authorized staff of 960.97.

**National Credit Union Administration Operating Fund**  
**Balance Sheets & Changes in Fund Balance**  
**February 28, 2005**

	February 2004	January 2005	February 2005
<b>ASSETS</b>			
<b>ASSETS:</b>			
Current Assets			
Cash	\$5,975.15	\$5,802.83	\$5,477.11
Overnight Investments	18,866,000.00	18,659,000.00	13,480,000.00
Accounts Receivable	709,484.01	594,140.99	1,301,972.77
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	297,794.25	694,730.07	732,095.38
Home Purchase Program	318,104.95	359,727.57	358,727.57
Other	9,769,996.07	5,147,500.00	10,295,000.00
<i>Total Current Assets</i>	<u>29,967,354.43</u>	<u>25,460,901.46</u>	<u>26,173,272.83</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	29,113,861.00	28,486,035.00	28,413,119.00
Capital Lease	2,202,995.56	1,245,681.40	1,159,619.90
Equipment	1,615,911.45	2,048,623.09	2,008,996.09
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>36,879,031.96</u>	<u>35,726,603.44</u>	<u>35,527,998.94</u>
<b>TOTAL ASSETS</b>	<u><u>66,846,386.39</u></u>	<u><u>61,187,504.90</u></u>	<u><u>61,701,271.77</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts Payable	2,353,881.03	2,336,443.32	2,120,406.90
Accrued Employee Compensation	16,995,098.25	16,458,561.05	16,401,109.76
Other Current Liabilities	123,224.57	48,580.03	38,028.62
<i>Total Current Liabilities</i>	<u>19,472,203.85</u>	<u>18,843,584.40</u>	<u>18,559,545.28</u>
Non-Current Liabilities			
Notes Payable	26,260,026.79	25,030,834.10	24,919,089.31
Other	2,126,492.92	1,080,428.69	1,078,021.82
<i>Total Non-Current Liabilities</i>	<u>28,386,519.71</u>	<u>26,111,262.79</u>	<u>25,997,111.13</u>
<b>TOTAL LIABILITIES</b>	<u><u>47,858,723.56</u></u>	<u><u>44,954,847.19</u></u>	<u><u>44,556,656.41</u></u>
<b>FUND BALANCE:</b>			
Beginning Balance	17,246,526.20	14,934,623.95	14,934,623.95
Current Year Earnings	1,741,136.63	1,298,033.76	2,209,991.41
<b>TOTAL FUND BALANCE</b>	<u><u>18,987,662.83</u></u>	<u><u>16,232,657.71</u></u>	<u><u>17,144,615.36</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$66,846,386.39</u></u>	<u><u>\$61,187,504.90</u></u>	<u><u>\$61,701,271.77</u></u>

**National Credit Union Administration Operating Fund**  
**Statement of Revenue & Expense**  
**February 28, 2005**

	February 2005 Monthly Actual	February 2005 Monthly Budget	February 2005 Year-To-Date Actual	February 2005 Year-To-Date Budget	February 2004 Year-To-Date Actual
<b>REVENUE:</b>					
Interest Income	\$34,393.65	\$41,666.66	\$74,287.44	\$83,333.32	\$40,104.96
Program-related Income	5,147,500.00	5,067,500.00	10,295,000.00	10,135,000.00	9,737,283.38
Other Income	24,680.00	12,500.00	32,329.02	25,000.00	17,196.15
Total Revenue	<u>5,206,573.65</u>	<u>5,121,666.66</u>	<u>10,401,616.46</u>	<u>10,243,333.32</u>	<u>9,794,584.49</u>
<b>EXPENSES:</b>					
Employee Pay	2,646,225.89	2,960,407.37	5,469,553.71	6,065,997.01	5,260,528.58
Employee Benefits	715,662.43	766,835.46	1,418,872.04	1,570,083.83	1,326,965.75
Employee Travel	290,874.24	459,343.88	370,274.90	918,687.66	324,786.03
Rent/Communications/Utilities	134,252.40	140,828.49	206,236.03	281,657.12	262,676.27
Administrative Costs	359,281.32	376,191.59	653,305.00	752,383.06	780,037.70
Contracted Services	148,319.72	296,930.02	73,383.37	593,859.97	98,453.53
Total Expenses	<u>4,294,616.00</u>	<u>5,000,536.81</u>	<u>8,191,625.05</u>	<u>10,182,668.65</u>	<u>8,053,447.86</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u><u>\$911,957.65</u></u>	<u><u>\$121,129.85</u></u>	<u><u>\$2,209,991.41</u></u>	<u><u>\$60,664.67</u></u>	<u><u>\$1,741,136.63</u></u>

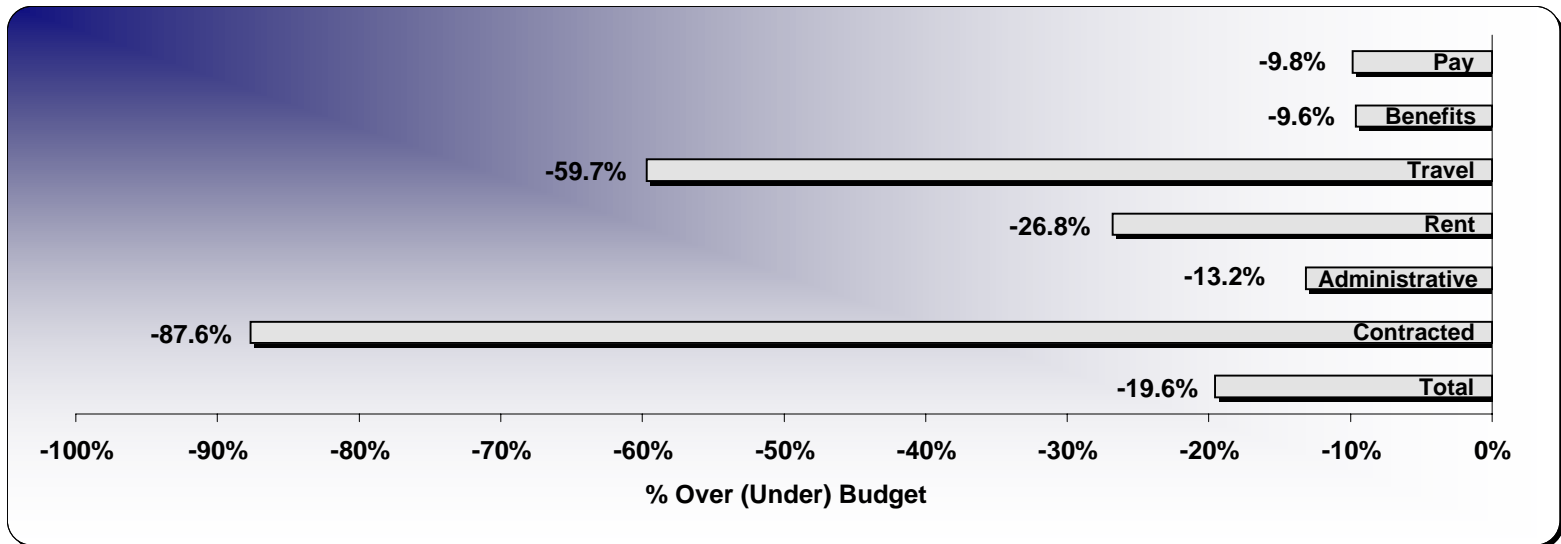
**National Credit Union Administration Operating Fund**  
**Statement of Cash Flow**  
**February 28, 2005**

	Month	Month	Y-T-D	Y-T-D
	February 2004	February 2005	February 2004	February 2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Income from operating fees	\$0.00	\$0.00	\$200.00	\$0.00
Interest received from cash and cash equivalents	18,920.17	34,393.65	40,104.96	74,287.44
Other income received	4,113.27	24,680.00	17,196.15	32,329.02
(Cash paid for operating expenses)	(3,796,806.08)	(5,057,621.49)	(4,481,170.45)	(3,925,141.82)
<b>Net cash (used) provided by operating activities:</b>	<u>(3,773,772.64)</u>	<u>(4,998,547.84)</u>	<u>(4,423,669.34)</u>	<u>(3,818,525.36)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds (purchases) of fixed assets	(147,085.36)	(67,249.22)	(220,429.48)	(67,249.22)
(Capital lease payments)	(6,240.51)	(2,783.87)	(392,811.12)	(370,571.74)
Proceeds (purchases) home purchase program	(318,104.95)	1,000.00	(318,104.95)	(261,489.66)
<b>Net cash (used) in investing activities</b>	<u>(471,430.82)</u>	<u>(69,033.09)</u>	<u>(931,345.55)</u>	<u>(699,310.62)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(223,489.58)	(223,489.58)
<b>Net cash (used) in financing activities</b>	<u>(111,744.79)</u>	<u>(111,744.79)</u>	<u>(223,489.58)</u>	<u>(223,489.58)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(4,356,948.25)	(5,179,325.72)	(5,578,504.47)	(4,741,325.56)
Cash and cash equivalents at beginning of period	23,228,923.40	18,664,802.83	24,450,479.62	18,226,802.67
<b>Cash and cash equivalents at end of period</b>	<u>\$18,871,975.15</u>	<u>\$13,485,477.11</u>	<u>\$18,871,975.15</u>	<u>\$13,485,477.11</u>
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
<b>Net income (loss)</b>	<u>\$847,275.11</u>	<u>\$911,957.65</u>	<u>\$1,741,136.63</u>	<u>\$2,209,991.41</u>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>				
Depreciation and amortization	155,520.36	265,853.72	306,958.00	532,977.15
Unrealized (gain) loss	0.00	0.00	0.00	20,860.25
(Gain) loss on disposal of fixed assets	0.00	0.00	0.00	0.00
(Gain) loss on disposal of homes	0.00	0.00	0.00	0.00
Interest expense on leases	5,739.47	377.00	11,670.93	6,450.73
Miscellaneous allowances	0.00	0.00	0.01	(0.00)
<b>Change in current assets and liabilities</b>				
(Increase) decrease in assets:				
SIF repayment of Operating Fund for leases	0.00	0.00	105,873.53	105,873.53
Accounts receivable	(161,523.58)	(707,831.78)	1,731,675.19	(474,410.72)
Interest receivable	0.00	0.00	583.97	0.00
Prepaid expenses	(76,501.67)	(37,365.31)	(30,576.57)	(144,088.28)
Other assets	(4,901,535.32)	(5,147,500.00)	(9,769,996.07)	(10,295,000.00)
Increase (decrease) in liabilities:				
Accounts payable	(310,907.66)	(216,036.42)	(97,819.31)	(198,172.57)
Accrued employee compensation	487,561.85	(57,451.29)	1,275,501.83	4,440,322.52
Other non current liabilities	(125,923.06)	0.00	44,889.00	0.00
Other current liabilities	306,521.86	(10,551.41)	256,433.52	(23,329.38)
<b>Total adjustments</b>	<u>(4,621,047.75)</u>	<u>(5,910,505.49)</u>	<u>(6,164,805.97)</u>	<u>(6,028,516.77)</u>
<b>Net cash (used) provided by operating activities</b>	<u><u>(3,773,772.64)</u></u>	<u><u>(4,998,547.84)</u></u>	<u><u>(4,423,669.34)</u></u>	<u><u>(3,818,525.36)</u></u>

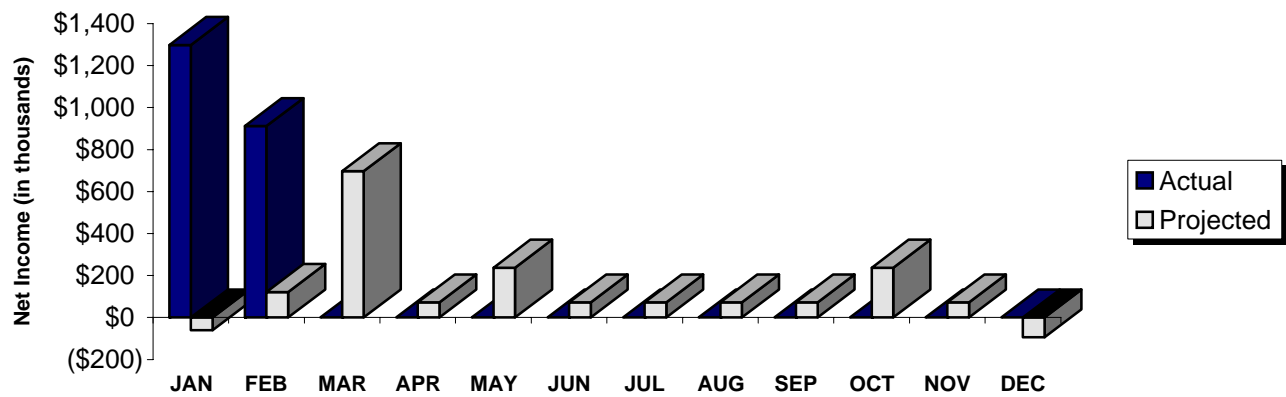
**National Credit Union Administration Operating Fund**  
**(Before Overhead Transfer)**  
**Year-To-Date Budget Report Analysis**  
**February 28, 2005**

	2005				2004			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
<b>Employee Pay</b>	14,106,970	12,719,892	(1,387,078)	-9.8%	14,200,424	13,085,892	(1,114,532)	-7.8%
<b>Benefits</b>	3,651,358	3,299,702	(351,655)	-9.6%	3,637,671	3,300,910	(336,761)	-9.3%
<b>Travel</b>	2,136,483	861,104	(1,275,378)	-59.7%	2,248,696	807,925	(1,440,770)	-64.1%
<b>Rent, Communications, &amp; Utilities</b>	655,017	479,619	(175,398)	-26.8%	740,894	653,424	(87,470)	-11.8%
<b>Administrative</b>	1,749,728	1,519,314	(230,414)	-13.2%	2,109,242	1,940,392	(168,850)	-8.0%
<b>Contracted Services</b>	1,381,070	170,659	(1,210,411)	-87.6%	1,363,875	244,909	(1,118,966)	-82.0%
<b>TOTAL</b>	23,680,625	19,050,291	(4,630,334)	-19.6%	24,300,802	20,033,452	(4,267,349)	-17.6%

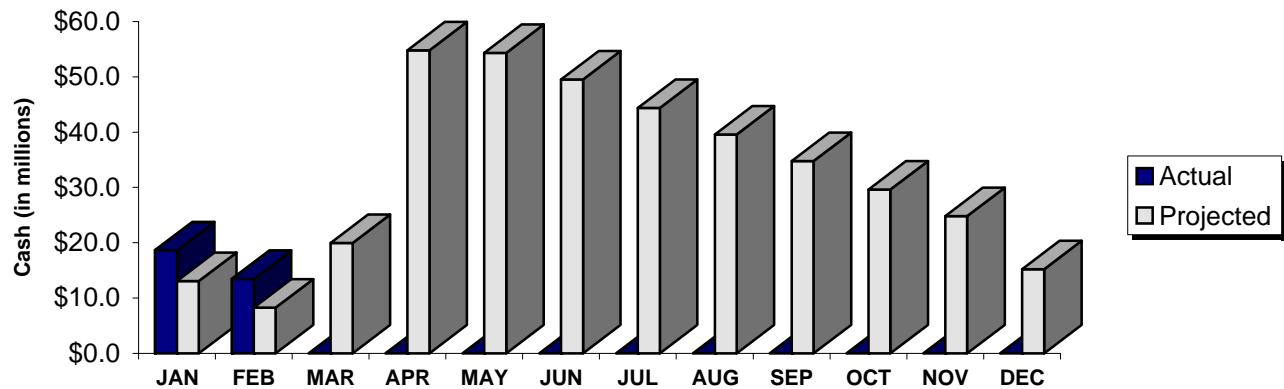
**Percent Over (Under) Budget**  
**February 28, 2005**



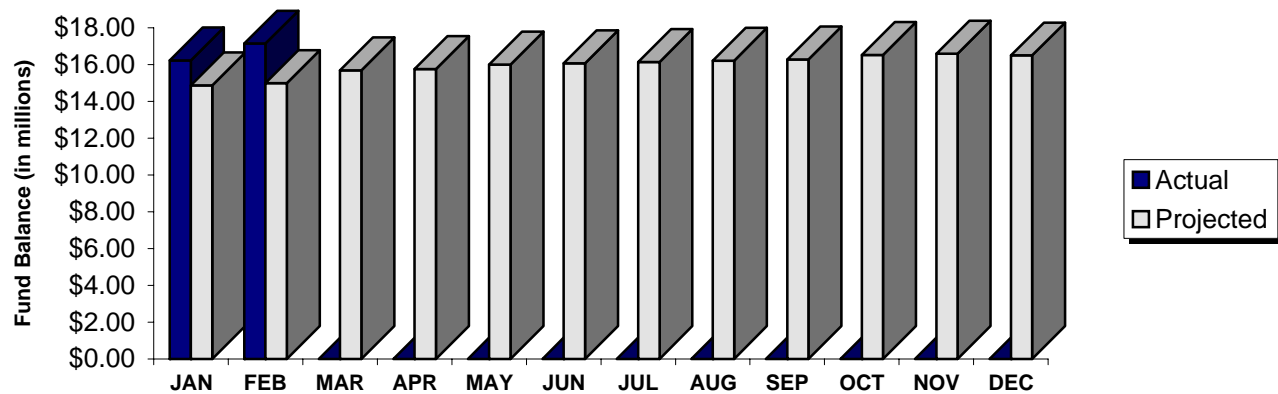
### Actual & Projected Net Income (2005)



### Actual & Projected Cash Balance (2005)



### Actual & Projected Fund Balance (2005)



***National Credit Union Administration Operating Fund***  
***Ratios***  
***February 28, 2005***

<b>BALANCE SHEET</b>	<b>February 2004</b>	<b>February 2005</b>
<u>Liquid assets / Total assets</u>	28.23%	21.86%
<u>Current assets / Total assets</u>	44.83%	42.42%
<u>Fixed assets / Total assets</u>	55.17%	57.58%
<u>Current liabilities / Total assets</u>	29.13%	30.08%
<u>Non current liabilities / Total assets</u>	42.47%	42.13%
<u>Retained Earnings / Total assets</u>	28.40%	27.79%
<b>STATEMENT OF REVENUE &amp; EXPENSE</b>		
<u>YTD Interest &amp; other income / Total revenue</u>	0.59%	1.02%
<u>YTD Program related income / Total revenue</u>	99.41%	98.98%
<u>YTD Expenses / Total revenue</u>	82.22%	78.75%
<u>YTD Net income / Total revenue</u>	17.78%	21.25%
<b>CASH</b>		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	(\$5.6)	(\$4.7)
<u>Cash end of month - Cash beginning of year / Cash BOY</u>	-22.8%	-26.0%
<u>Cash and cash equivalents / Total assets</u>	28.2%	21.9%